

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-3 OF CHAIRMAN'S INFORMATION REQUEST NO. 7

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 7, issued on January 23, 2018. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. In Docket No. ACR2016, the Postal Service stated that there were 856 Village Post Offices (VPOs) at the end of FY 2016.¹ In Docket No. ACR2017, the Postal Service stated that there were 854 VPOs at the beginning of FY 2017.² Please reconcile these two numbers.

RESPONSE:

District personnel report VPO closings after the actual closing of the VPO facility. Some closings may first be reported in the new fiscal year, but are processed as occurring in the prior fiscal year. At the time the Postal Service filed the FY 2016 ACR, the VPO database reflected that there were 856 VPOs. Following this ACR filing, two additional VPO closings, from FY 2016, were processed and entered into the VPO database. As a result, when the Postal Service filed its response to ChIR No. 2/Question 16.a. under the FY 2017 ACR proceedings, the total active VPO number for the beginning of FY 2017 had been adjusted downward to 854.

¹ Docket No. ACR2016, Response of the United States Postal Service to Question 13 of Chairman's Information Request No. 11, February 6, 2017, question 13.d.

² Docket No. ACR 2017, Responses of the United States Postal Service to Questions 1-19 of Chairman's Information Request No. 2, January 17, 2018, question 16.a.

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2. In a CHIR response, the Postal Service provided a "Retail Revenue by Channel" table.³ The revenue channel "Other" increased by 47.01 percent relative to FY 2016.
- a. Please describe what revenue streams are included in the "Other" retail revenue channel.
 - b. Please indicate the major causes(s) of the 47.01 percent increase.

RESPONSE:

- a. The following table shows a breakdown of the distinct categories of Other that total to \$908 million.

CPU Revenue	116,524,433
Approved Shipper	77,663,027
Stamps by Mail, Phone and Fax (not included)	440,752,352
Online PO Box	127,355,848
Philatelic Mail Order	13,371,286
Other Online revenue	20,467,169
Stamped Envelope Sales	57,984,321
EDDMR Online	54,360,237
Total Other	908,478,673

- b. The indicated 47 percent increase represents the difference between this year's figure for Other and what was reported for that category last year (\$617.982 million). Last year's Other figure was essentially a residual figure that accepted the values in all previous rows and, when added to the sum of those previous rows, allowed the total to match the known Total Retail Revenue figure. Further

³ *Id.* question 14.

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review, however, has revealed errors in two of last year's specific rows. Post Office Revenue was overstated by \$329.567 million, while SSK/APC was understated by \$12.677 million. The combined effect of these two errors was to understate the Other figure reported last year by \$316.890 million. If an Other figure for last year appropriately revised to be \$316.890 million higher (i.e., \$617.982 plus \$316.890, or \$934.872 million) is used as the base for the percentage change calculation, the percentage decline in Other is just over 3 percent (instead of a 47 percent increase).

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3. The following questions pertain to the mail fee revenue provided in Library Reference USPS-FY17-NP28, December 29, 2017.
- a. Please confirm the fee revenue by mail class provided in Excel file "Attach A_MD Fee Distribution.xls," worksheet "MD Fees." If not confirmed, please provide the correct amounts and any additional fee categories needed to reconcile total market dominant fees.
 - b. Please confirm the fee revenue by mail class provided in Excel file "Attachment B_Comp Fee DistributionNP.xls," worksheet "COMP FEES," filed under seal. If not confirmed, please provide the correct amounts and any additional fee categories needed to reconcile total competitive fees.
 - c. Please provide a distribution breakdown of FY 2017 market dominant mail fees for each product in each of the mail categories shown in subsequent tabs included in Excel file "Attach A_MD Fee Distribution.xls." Include with your response all underlying calculations and source workpapers.
 - d. Please provide a distribution breakdown of FY 2017 competitive mail fees for each product in each of the mail categories shown in subsequent worksheets included in Excel file "Attachment B_Comp Fee DistributionNP.xls" filed under seal. Include with your response all underlying calculations and source workpapers.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Please see the attached file.
- d. Please see the file provided under seal as part of USP-FY17-NP36.